

Program Eligibility, Written Arrangements, & Distance Education



CHAPTER 2

Many of the program eligibility requirements are derived from the institutional definitions that we discussed in Chapter 1. However, bear in mind that institutional eligibility does not mean that all programs at the school are eligible. A financial aid office should have a process to confirm the eligibility of an educational program before paying any FSA funds to students enrolled in that program and should promptly report changes to the Department following the procedures in Chapter 5.

DETERMINING PROGRAM ELIGIBILITY

A school's eligibility does not necessarily extend to all its programs, so the school is responsible for ensuring that a program is eligible before awarding FSA funds to students in that program.

In addition to determining that the program meets the eligible program criteria given in this chapter, the school should make certain that the program is included under the notice of accreditation from a nationally recognized accrediting agency (unless the agency does not require that particular programs be accredited).

The school should also make certain that it is authorized by the appropriate state to offer the program (if the state licenses individual programs at postsecondary institutions). In some instances a school or program may need a general authorization as well as licensure for a specific program approval. (See the chart on eligible institutions and the discussion under *Legal Authorization By a State* in Chapter 1.)

A school's eligibility extends to all eligible programs and locations on its E-App, unless the school participation division (SPD) determines that certain programs or locations did not meet the eligibility requirements or it has not approved the expansion's FSA eligibility. Generally, the school's eligible nondegree programs and locations are specifically named on the *Eligibility and Certification Approval Report* (ECAR). Additional locations and programs may be added later. Once the SPD has approved the program/location, it will notify the school and an updated ECAR can be printed.

If a program offered through distance or continuing education meets the definition of an eligible program, students enrolled in that program must be considered for FSA program assistance on the same basis as students enrolled in eligible programs offered through traditional modes. With some limitations, if a correspondence program meets the definition of an eligible program, students enrolled in that program are considered eligible (see *Distance Education & Correspondence Study* in this chapter).

Program eligibility

34 CFR 668.8
34 CFR 691.2(b)

Related topics

- Eligibility requirements for specific educational programs—*Volume 1, Chapter 1*
- Types of educational programs defined for eligible institutions—*Volume 2, Chapter 1*
- Updating the E-App to change programs and locations—*Volume 2, Chapter 5*

School, program, and student eligibility

To qualify as an eligible institution, a school must offer at least one eligible program. Not all programs at an eligible institution must be eligible, but at least one of the programs at the school must meet the eligible program requirements.

Except for students enrolled in certain preparatory or teacher certification courses, a student must be enrolled in an eligible program to receive FSA funds (see *Volume 1, Chapter 1* for more information).

BASIC TYPES OF ELIGIBLE PROGRAMS

There is a wide variety of programs that are eligible for Title IV aid. This section explains some of the most common for each type of institution. Later in the chapter we explain others, such as direct assessment programs and comprehensive transition and postsecondary programs.

Eligible programs at an institution of higher education

At a public or private nonprofit institution of higher education, the following types of programs are Title IV-eligible:

- a program that leads to an associate, bachelor's, professional, or graduate degree,
- a transfer program of at least two academic years in duration that does not award a credential and is acceptable for full credit toward a bachelor's degree,
- a program of at least one academic year in duration that leads to a certificate or other nondegree recognized credential and prepares students for gainful employment in a recognized occupation, or
- a certificate or diploma training program that is less than one year (if the school also meets the definition of a postsecondary vocational institution).

Note that a nondegree program at a public or private nonprofit institution is subject to the rules for a “gainful employment program” (unless the program is at least a 2-year transfer program). Gainful employment or GE programs are explained later.

Eligible programs at a proprietary or postsecondary vocational institution

There are several types of eligible programs at a proprietary institution or a postsecondary vocational institution. Generally these programs must have a specified number of weeks of instruction and must provide training that prepares a student for gainful employment in a recognized occupation.

- The program provides at least 600 clock hours, 16 semester or trimester hours, or 24 quarter hours of undergraduate instruction offered during a minimum of 15 weeks of instruction. The program may admit as regular students persons who have not completed the equivalent of an associate degree.
- The program provides at least 300 clock hours, 8 semester hours, or 12 quarter hours of instruction offered during a minimum of 10 weeks of instruction. The program must be a graduate or professional program or must admit as regular students only persons who have completed the equivalent of an associate degree.
- The program is known as a short-term program, which qualifies for the Direct Loan program only. This type of program must provide at least 300 but less than 600 clock hours of instruction offered during a minimum of 10 weeks of instruction. The program must admit as regular students some persons who have not completed the equivalent of an associate degree. It must also have been in existence for at least one year, have verified completion and placement rates

of at least 70% (see below), and not be more than 50% longer than the minimum training period required by the state or federal agency, if any, for the occupation for which the program of instruction is intended.

Lastly, a program that leads to a baccalaureate degree in liberal arts [as defined in 34 CFR 600.5(e)] at an accredited proprietary institution is an eligible (non-GE) program. The school must have been continuously accredited by a recognized regional accrediting agency or association since at least October 1, 2007, and have provided the program continuously since January 1, 2009.

Completion & placement rates for short-term programs

For the purpose of demonstrating compliance with the standards for short-term (300–600 clock-hour) programs, a school must calculate the completion and placement rates for the award year. The independent auditor who prepares the school's compliance audit report must attest to the accuracy of the school's calculation of completion and placement rates. See 34 CFR 668.8(e), (f), and (g).

Number of regular students who earned credentials for successfully completing the program within 150% of its length

= Completion Rate

Number of regular students enrolled in the program for the award year, including the number of regular students who withdrew with a 100% refund of tuition and fees and the number of regular students enrolled at the end of the award year

Number of students who obtained employment* within 180 days of receiving credential and who are employed (or have been employed) for at least 13 weeks following receipt of credential

= Placement Rate

Number of regular students who received credential for successfully completing the program during the award year

*in the recognized occupation for which they were trained or in a related comparable occupation

The school must document the employment of any student it includes as employed in the placement rate calculation. Examples of such documentation include but are not limited to a written statement from the employer, signed copies of state or federal income tax forms, or written evidence of payment of Social Security taxes.

The school must reasonably determine whether a related occupation is comparable. For instance, for a student who was trained as an auto mechanic, it is reasonable to determine that a job as a boat mechanic is comparable. However, for a person trained in retail sales management, a counter-service job at a fast-food restaurant is not comparable.

Recognized occupation

34 CFR 600.2

All non-degree programs must prepare students in that program for gainful employment in a specific recognized occupation. This requirement also applies to degree programs at proprietary schools.

A recognized occupation is one that is:

- identified by a Standard Occupational Classification (SOC) code established by the Office of Management and Budget or an Occupational Information Network O*NET–SOC code established by the Department of Labor and available at O*NET OnLine at (www.onetonline.org) or its successor site, or
- considered by ED, in consultation with the Department of Labor, to be a recognized occupation.

If the title of the program does not clearly indicate the specific occupation that the program prepares the student for, that information must appear on the E-App.

Gainful employment guidance

Gainful Employment Electronic Announcement #53 on May 20, 2015, explains GE program identification.

Embedded programs

Some public and private nonprofit institutions offer degree programs in which students may also be awarded a non-degree credential (e.g., certificate, diploma) after completing a portion of the degree program. These are not GE programs as long as a significant number of the students enrolled in the program earn the degree rather than withdraw after obtaining the certificate. If a significant number of students enrolled in the program do not earn the degree, all of the students are considered to be enrolled in a non-degree program, that is, a GE program.

PROGRAMS LEADING TO GAINFUL EMPLOYMENT

To be eligible for Title IV funding, an educational program at a postsecondary school must lead to a degree—associate, bachelor’s, graduate, or professional—or prepare students for “gainful employment in a recognized occupation.” We refer to the latter as “gainful employment programs” or “GE programs” for short. They include nondegree programs offered by public and private nonprofit institutions and almost all academic programs offered by proprietary institutions; see below for details. They are subject to the Department’s regulations on disclosures (see *Chapter 6*).

Programs offered by for-profit institutions

All educational programs offered by for-profit (proprietary) institutions are GE programs with the following three exceptions:

1. Preparatory coursework necessary for enrollment in a Title IV-eligible program [34 CFR 668.32(a)(1)(ii)];
2. Approved Comprehensive Transition and Postsecondary (CTP) programs for students with intellectual disabilities [34 CFR 668.231]; and
3. A limited number of bachelor degree programs in liberal arts if offered by the school since January 2009 and if the school has been regionally accredited since October 2007 [34 CFR 600.5(a)(5)(i)(B)].

Programs offered by public and private nonprofit institutions

All **non-degree** educational programs offered by public or private nonprofit institutions are GE programs with the following four exceptions:

1. Preparatory coursework as noted under (1) above;
2. Approved CTP programs as noted under (2) above;
3. Programs that are at least two years long and are designed to be fully transferable to a bachelor’s degree program and for which the school does not confer a credential [34 CFR 668.8(b)(1)(ii)]; and
4. Teacher certification programs the institution does not award a credential for [34 CFR 668.32(a)(1)(iii)].

See also the margin note on embedded programs.

A student who is concurrently enrolled in a GE and a non-GE program must be included as an enrolled student in the former for purposes of GE reporting and in the calculation of information for disclosures.

State requirements and program length

The institution must demonstrate a reasonable relationship between the length of the program and entry level requirements for which the program prepares the student. The Secretary considers the relationship to be reasonable if the number of clock hours provided in the program does not exceed by more than 50% the minimum number of clock hours required for training in the recognized occupation for which the program prepares the student, as established by the State in which the program is offered, or as established by any federal agency (if applicable). See 34 CFR 668.14(b)(26).

Certification requirements for GE programs

By December 31, 2015, schools were required to certify to the Department—via a newly-executed Program Participation Agreement (PPA) on or after July 1, 2015, or via a transitional certification amending the school’s existing PPA—that each of the GE programs included on their ECAR met the following requirements:

- It is approved by a recognized accrediting agency or is included in the school’s accreditation or, if the school is a public postsecondary vocational institution, the program is approved by a recognized state agency in lieu of accreditation.
- It is programmatically accredited if so required by a federal government agency or by a government agency in a state in which the school is located or is required to get state approval under the state authorization regulations of 34 CFR 600.9.
- For the state in which the school is located or is required to obtain state approval under 34 CFR 600.9, the program qualifies students who seek employment in that state to take any licensure or certification examination needed for employment in an occupation the program prepares them for.
- If the school is trying to establish Title IV eligibility for the program, it is not substantially similar to a program the school offered in the prior three years that became ineligible due to its debt-to-earnings (D/E) rates or that had failing or zone D/E rates and was voluntarily discontinued by the school. For this purpose a program is substantially similar to another if they share the same four-digit Classification of Instructional Program (CIP) code. The school must explain in its certification how the new program is not substantially similar to any such ineligible or discontinued program.

A school may not update its list of eligible programs to include a failing or zone GE program that it voluntarily discontinued, a program that became ineligible due to D/E rates, or a program that is substantially similar to a discontinued or ineligible program until three years have passed.

A school adding or revising GE program information on an E-App that does not result in a new PPA will need to provide a new certification with each update. This includes establishing or reestablishing the eligibility of a program; discontinuing a program’s eligibility under 34 CFR 668.410; ceasing to provide a program for at least 12 consecutive months; losing program eligibility under 34 CFR 600.40; or changing a program’s name, CIP code, or credential level.

ADDITIONAL ELIGIBILITY REQUIREMENTS

There are additional FSA program eligibility requirements for specific educational programs. For example, only undergraduate educational programs are eligible under the Pell Grant and FSEOG programs. Correspondence programs are not eligible unless they meet the general requirements for an eligible program and are required for the student’s regular program of study leading to a degree.

GE programs at foreign colleges

The only programs at foreign proprietary institutions that are eligible for FSA loan funds are degree programs in medicine, nursing, and veterinary science. All Title IV-eligible programs at these institutions are GE programs.

The determination if a program is a GE program at a foreign public or nonprofit institution is the same as for domestic public and nonprofit institutions.

Applying for eligibility for a CTP program

When applying to the Department for eligibility for a CTP program, a school must follow the procedures in 34 CFR 600.20 and provide the information described in 34 CFR 668.232. See the electronic announcement dated 6/21/10 on the IFAP website.

Definition of intellectual disability

A student with an intellectual disability means a student

- 1) with mental retardation or a cognitive impairment characterized by significant limitations in—
 - (i) Intellectual and cognitive functioning; and
 - (ii) Adaptive behavior as expressed in conceptual, social, and practical adaptive skills; and
- (2) Who is currently, or was formerly, eligible for special education and related services under the Individuals with Disabilities Education Act (IDEA) (20 U.S.C. 1401), including a student who was determined eligible for special education or related services under the IDEA but was homeschooled or attended private school.

TEACH Grant program

34 CFR Part 686

Programs for students with intellectual disabilities

A student with an intellectual disability who enrolls in a comprehensive transition and postsecondary (CTP) program at a school that participates in the FSA programs is eligible for non-loan assistance (Pell Grants, FSEOG, and Federal Work-Study). As discussed in *Volume 1*, the student is exempt from some student eligibility requirements.

A CTP program is a degree, certificate, non-degree, or non-certificate program that is designed to support students with intellectual disabilities who want to continue their instruction (academic, career and technical, and independent living) at a postsecondary school to prepare for gainful employment. Schools must apply to the Department to have such a program judged eligible.

The program must be delivered to students physically attending the institution, include an advising and curriculum structure, and provide students with intellectual disabilities opportunities to participate in coursework and other activities with students without disabilities.

Such programs must require that at least half of the students' participation in the program, as determined by the school, focuses on academic components through one or more of the following activities:

- taking credit-bearing courses with students without disabilities,
- auditing, or otherwise participating in, courses the student does not receive regular academic credit for with students without disabilities,
- taking non-credit-bearing, nondegree courses with students without disabilities, and
- participating in internships or work-based training in settings with individuals without disabilities.

Educational programs eligible for TEACH Grants

To qualify for TEACH Grants, an educational program must be

- designed to prepare an individual to teach as a highly qualified teacher in a high-need field and lead to a baccalaureate or master's degree (including 2-year programs of study that are acceptable for full credit toward a baccalaureate degree), or
- a postbaccalaureate program of study for students who have completed a baccalaureate degree but need to take additional state-required courses for teacher certification or licensure.

A postbaccalaureate program consists of courses required by a state for a student to receive a professional certification or licensing credential that is needed for employment as a teacher in an elementary or secondary school in that state. It must be a program that is treated as an undergraduate program for FSA purposes and may not lead to a graduate degree. Note that the program cannot be considered a postbaccalaureate program if the school offers a baccalaureate degree in education. For TEACH grant student eligibility requirements, see *Volume 1, Chapter 6*.

ESL programs

Students enrolled in a program that consists solely of English as a second language (ESL) instruction are only eligible for Pell Grants. An ESL program must meet the general requirements for eligible programs (e.g., it must lead to a degree or other credential), and a school must request an eligibility determination for it from the Department. The program may admit only students who need instruction in English to be able to use the knowledge, training, or skills they already have. The school must document its determination that the ESL instruction is necessary for each student enrolled.

Competency-based education programs

Competency-based education (CBE) is an innovative approach in higher education that organizes academic content according to competencies—what a student knows and can do—rather than follow a more traditional scheme, such as by course.

As with all Title IV-eligible programs (except correspondence programs), CBE programs must be designed to ensure that there is regular and substantive interaction between students and instructors. Interaction that is wholly optional, initiated primarily by the student, or occurring only upon the request of the student is not sufficient.

Some schools use a CBE model where instructors perform different roles and no single faculty member is responsible for all aspects of a course or competency. Such a model may be used, but schools must ensure that regular and substantive interaction between students and instructors occurs, that instructors meet accrediting agency standards for instruction in their subject, and that the faculty resources dedicated to the program are sufficient for the accrediting agency. Interactions between students and personnel who don't meet accrediting agency standards for providing instruction in the subject area would not be considered substantive interaction with an instructor.

FSA funds may be awarded only for learning that results from instruction provided or overseen by the school. FSA funds cannot be awarded for any portion of the program based on study or life experience prior to enrollment in the program or based on tests of learning that are not associated with educational activities overseen by the school.

A school must ensure that the instructional materials and faculty support necessary for academic engagement are available to students every week that the school counts toward its defined payment period or academic year. Educational activity in a CBE program includes but is not limited to:

- participating in regularly scheduled learning sessions (where there is an opportunity for direct interaction between the student and the faculty member);
- submitting an academic assignment;
- taking an exam, an interactive tutorial, or computer-assisted instruction;
- attending a study group that is assigned by the institution;
- participating in an online discussion about academic matters;

Program eligibility vs. student eligibility in TEACH

The preamble to the June 23, 2008, TEACH regulations draws a distinction between *program eligibility*, where the school may identify, within the parameters of the regulations, the scope of school programs that are TEACH Grant-eligible, and *student eligibility*, where the school must adhere to the eligibility criteria in the regulations.

The preamble further states that it is up to the institution to decide, based on regulatory requirements, what programs are TEACH Grant-eligible and when a student is considered to be accepted into a TEACH Grant-eligible program.

For instance, a school can determine that only some of the programs for which it currently awards other FSA funds are also eligible for TEACH, even if some programs it does not wish to make TEACH Grant-eligible meet the regulatory definition.

Additional ESL considerations

A school must define the effect of any noncredit remedial courses, including ESL courses, on a student's academic progress. See *Chapter 3*.

Awarding FSA loans to a student for too many semesters for ESL or remedial coursework could exhaust his eligibility under the aggregate loan limits before he completes his educational program. See *Volume 1, Chapter 1*.

- consultations with a faculty mentor to discuss academic course content; and
- participation in faculty-guided independent study (as defined in 34 CFR 668.10(a)(3)(iii)).

For direct assessment programs only, educational activity also includes development, in consultation with a qualified faculty member, of an academic action plan that addresses competencies identified by the school.

As with other types of eligible programs, CBE programs may be offered as nonterm or as standard or nonstandard term programs. Such programs may also last less than a year if all applicable requirements are met. See DCL GEN-14-23 for more information, including guidance about CBE programs and cost of attendance, satisfactory academic progress, return of Title IV funds, and direct assessment programs.

Types of CBE programs

There are two types of CBE programs: those that measure progress using clock or credit hours and direct assessment programs.

Credit- or clock-hour CBE programs are organized by competency but measure student progress using clock or credit hours. In such programs, Title IV aid must be administered under normal statutory and regulatory provisions for credit- or clock-hour programs.

An institution offering a CBE program using credit hours must ensure that for Title IV purposes each credit hour in the program requires sufficient educational activity to fulfill the federal definition of a credit hour (see page 31) and must reasonably approximate not less than one hour of classroom instruction and two hours of out-of-class work each week. A credit hour in a CBE program might not require structured class sessions but must still require sufficient academic activity—for instance, reading and writing assignments with feedback from an instructor—to reasonably approximate three hours of expected academic engagement per week for each credit hour. The CBE program could allow this work to be completed more flexibly and at the student’s pace as long as he is making satisfactory academic progress.

Direct assessment programs

34 CFR 668.10

For more information, including step-by-step instructions on how to apply for Title IV approval of a direct assessment program, see DCL GEN-13-10.

Direct assessment programs are a type of CBE program that does not use credit or clock hours. Progress in a direct assessment program is measured solely by assessing whether students can demonstrate that they have a command of a specific subject, content area, or skill or can demonstrate a specific quality associated with the subject matter of the program. Therefore, unlike a CBE program measured in credit hours, a direct assessment program does not specify the level of educational activity in which a student is expected to engage in order to complete the program.

Because direct assessment programs do not use credit or clock hours, schools must establish credit- or clock-hour equivalencies for the programs and provide a factual basis for that to the Department as part of the application process for direct assessment programs. The equivalencies must be approved by a school’s accrediting agency, and the school must document that approval. See GEN-14-23 for more about equivalencies.

The entire program must be provided by direct assessment—one offered partly with credit or clock hours is not Title IV-eligible—and the assessment must be consistent with the accreditation of the institution or program.

A direct assessment program may use learning resources (e.g., courses or portions of courses) that are provided by entities other than the school providing the direct assessment program without regard to the limitations on contracting for part of an educational program (see *Written Arrangements Between Schools* later in this chapter).

Several types of programs and coursework that might otherwise be eligible for FSA purposes are not eligible if they involve direct assessment:

- Programs at foreign schools.
- Preparatory coursework required for entry into an eligible program (see *Volume 1, Chapter 6*).
- Courses necessary for an elementary or secondary school teaching credential or certificate (see *Volume 1, Chapter 6*).
- Remedial coursework measured through direct assessment.

However, note that remedial instruction offered in credit or clock hours in conjunction with a direct assessment program is eligible for FSA funds.

A school that wishes to award FSA funds for a program using direct assessment must submit an updated E-App (at www.eligcert.ed.gov) to the Department to apply for approval of the program. In addition to updating the E-App, the school will email to the case teams (at CaseTeams@ed.gov) supporting documentation: a detailed program description (recommended length not to exceed 20 pages), a detailed description of financial aid administration (not to exceed 5 pages), and documentation that the school's accrediting agency has evaluated and approved the program and agrees with the school's credit- or clock-hour equivalency. See DCL GEN-13-10 for complete instructions.

The detailed program description will be a succinct narrative clearly indicating the name of the program and how it meets the regulatory requirements of 34 CFR 668.10(b). Each requirement must be specifically identified in the narrative; for example, there must be a description of how the assessment of learning is done [668.10(b)(2)].

The detailed description of financial aid administration for the program explains how the program meets the Title IV requirements. For example, the school must provide a basis for its credit- or clock-hour equivalent for the program or portion thereof (the clock or credit hours will be used as the basis for the FSA award calculations described in *Volume 3, Chapter 1*).

If a school plans to change any aspect of the program, it must obtain prior approval from the Department by reapplying.

Direct assessment definitions

An **academic year** in a direct assessment program consists of a minimum of 30 weeks of instructional time, during which a full-time student is expected to complete the equivalent of at least 24 semester or trimester credit hours or 36 quarter credit hours for an undergraduate program.

A **week of instructional time** is any seven-day period in which at least one day of educational activity occurs.

Educational activity includes assessments, regularly scheduled learning sessions, faculty-guided independent study, consultations with a faculty mentor, and development of an academic action plan addressed to the competencies identified by the school.

Independent study occurs when a student follows a course of study and works with a faculty member to decide how the student will meet defined course objectives. Both agree on what the student will do (e.g., readings, research, and work products), how the student's work will be evaluated, and the time frame for completion. The student must interact with the faculty member on a regular and substantive basis to assure progress within the course or program.

A **full-time student** is one carrying a full-time academic workload, as determined by the school, that is the standard for all students in the program. For undergraduate students, the school's standard must equal or exceed the minimum requirements in the definition of full-time student in 34 CFR 668.2, based on the credit- or clock-hour equivalency for the program.

Apprenticeships

For more information see Dear Colleague Letter GEN-14-22 and *Volume 6, Chapter 2*, of the Handbook.

Apprenticeships

An apprenticeship combines job-related instruction with on-the-job experience. Postsecondary schools may provide related classroom instruction, technical training, or other certified training. If all or part of an apprenticeship meets an academic requirement of a Title IV-eligible educational program, students enrolled in that program may receive Title IV aid for the entire program, including for the apprenticeship portion.

Since student aid is partly determined by the number of credit or clock hours in the program, the structured on-the-job portion must be associated with a defined number of credit or clock hours. For clock-hour educational programs, students' completion of the clock hours associated with the on-the-job training must be under the supervision of school faculty.

Except as may be required by the accrediting agency or state, there is no limit on the percentage of the program that consists of on-the-job training as long as the school provides the training. Note that schools must report to the Department any location at which 50% or more of an educational program is provided, including any on-the-job component. If an entity other than the school provides the on-the-job training, that component must be 25% of the program or less or, with specific permission of the institution's accrediting agency, over 25% but less than 50% of the program.

In such contracted situations, the school must enter into a written arrangement with the entity providing the on-the-job training. If the program is offered in credit hours, the written arrangement should establish the equivalent credit hours for the non-coursework portion of the program. A school's policies for establishing credit hours must meet all requirements and standards set by its accrediting agency.

Study-abroad programs

A participating institution may establish study-abroad programs for which students are eligible to receive FSA funds. A study-abroad program is eligible if the home school awards academic credit for it and students in it remain concurrently enrolled at their home school.

While the study-abroad program must be considered part of the student's eligible program, it does not have to be a *required* part. However, a school must have a written agreement with the institution offering the study-abroad program or with an entity representing that institution (see the next section). Moreover, the school must mention the availability of FSA funds in the information it provides to students about the study-abroad program.

Flight school programs

A flight school program must maintain current valid certification by the Federal Aviation Administration to be eligible.

WRITTEN ARRANGEMENTS BETWEEN SCHOOLS

Under a consortium or contractual agreement (including those for study-abroad programs), the home school must give credit for courses taken at the other schools on the same basis as if it provided the training itself. The

underlying assumption of such an agreement is that the home school has found the other school's or organization's academic standards equivalent to its own and the instruction an acceptable substitute for its own.

A home school may decline to give credit for courses in which a student earns a grade that is not acceptable at the home school even though the host school has a policy of accepting that grade for its resident students. Also, although grades received through consortium or contractual agreements do not have to be included in a student's grade point average, they must be included when calculating the quantitative component (the percentage of credits earned vs. attempted) of her satisfactory academic progress.

If not written for an individual student or group of students, agreements between schools can go on indefinitely. These agreements do not have to be renewed unless the terms of the agreement change.

A school must provide enrolled and prospective students with a description of the written arrangements it has entered into, including

- the portion of the educational program that the school that grants the degree or certificate is not providing,
- the name and location of the other schools or organizations that are providing that portion of the educational program,
- the method of delivery of that part of the educational program, and
- estimated additional costs students may incur by enrolling in an educational program provided under the written arrangement.

Consortium agreement

A consortium agreement can apply to all FSA programs. Under a consortium agreement, students may take courses at a school other than the home school and have those courses count toward the degree or certificate at the home school. A student can only receive FSA assistance for courses that are applicable to the student's certificate or degree program.

A consortium agreement can be a blanket agreement between two or more eligible schools, or it can be written for a specific student. Such an agreement is often used when a student takes related courses at neighboring schools or when a student is enrolled in an exchange program with another eligible school for a term or more. A school could have one agreement for each student, a separate agreement with each host school, or a blanket agreement with a group of schools.

In a consortium agreement there is no limit on the portion of the eligible program that may be provided by eligible schools other than the home school. Agreement contents can vary widely and will depend upon the interests of the schools involved and the accrediting or state agency standards. (See sidebar for required contents of an agreement.)

Usually the home school is responsible for disbursing funds, but if the student is enrolled for a full term or academic year at the host school, it may be easier for the host school to monitor his eligibility and make payments.

Flight school program

34 CFR 668.8(i)

Written arrangements

34 CFR 668.5

Definitions

Consortium agreement—a written agreement between two or more eligible schools.

Contractual agreement—a written agreement between an eligible school and an ineligible school.

Home school—the school where the student is enrolled in a degree or certificate program.

Host school—the school where the student is taking part of his or her program requirements through either a consortium or contractual agreement.

Two plus two program—a partnership between a two-year and a four-year school that facilitates a student's completing the last two years of the student's four-year degree.

Requirement to inform students of an arrangement

34 CFR 668.43(a)(12)

Contents of a consortium agreement

The Department does not dictate the format of the agreement (which can be executed by several different offices) or where the agreement is kept. However, the following information should be included in all agreements:

- the school that will grant the degree or certificate;
- the student's tuition, fees, and room and board costs at each school;
- the student's enrollment status at each school;
- the school that will be responsible for disbursing aid and monitoring student eligibility; and
- the procedures for calculating awards, disbursing aid, monitoring satisfactory progress and other student eligibility requirements, keeping records, and returning funds when the student withdraws.

Written arrangements between schools under same ownership or control

If the written arrangement is between two or more eligible institutions that are owned or controlled by the same individual, partnership, or corporation, the Department considers the educational program to be an eligible program if

- the educational program offered by the school that grants the degree or certificate otherwise satisfies the requirements of an eligible program (described in this chapter), and
- the school that grants the degree or certificate provides more than 50% of the educational program.

State process for complaints

Note that under 34 CFR 668.43(b) you must provide state contact information to students or prospective students for filing complaints in each state in which you operate. (See *Chapter 6* for the school consumer information requirement.)

When there is a written arrangement between eligible schools, any of the schools participating in the written arrangement may make FSA calculations and disbursements without that school being considered a third-party servicer. This is true even if the student is not currently taking courses at the school that is calculating and disbursing the aid.

The school that disburses an FSA award is responsible for maintaining information on the student's eligibility, how the award was calculated, what money has been disbursed, and any other documentation associated with the award, even if some of that documentation comes from other schools. Moreover, the school paying the student must return FSA funds if required, for example, in refund/return or overpayment situations. For determining enrollment status under a consortium agreement, see *Volume 3, Chapter 3*.

Contractual agreement

If the limitations in the following paragraphs are adhered to, an eligible school may enter into a contractual agreement with an ineligible school or organization that provides part of the educational program of students enrolled at the eligible school.

Such a contract is prohibited with an ineligible school or organization whose

- eligibility or certification to participate in the FSA programs has been terminated or revoked by the Department or
- application for certification or recertification to participate in the FSA programs was denied by the Department.

Similarly, an eligible school is prohibited from entering into a contract with an ineligible school or organization that has voluntarily withdrawn from participation in the FSA programs under a termination, show-cause, suspension, or similar type of proceeding initiated by the Department or the school's state licensing agency, accrediting agency, or guarantor.

Under a contractual agreement, the eligible school is always the home school. It performs all the aid processing and disbursement for students attending the ineligible school and is responsible for maintaining all records necessary to document student eligibility and receipt of aid (see *Chapter 7*).

With a contractual agreement, the ineligible school can in general provide no more than 25% of the educational program. However, it may provide more than 25% but less than 50% of the program as long as (1) the home and ineligible schools are **not** owned or controlled by the same individual, partnership, or corporation; and (2) the home school's accrediting agency or state agency (in the case of a public postsecondary vocational institution) determines and confirms in writing that the agreement meets its standards for contracting out education services.

Study-abroad programs

A study-abroad program must be part of a written contractual agreement between two or more schools. The study-abroad program does not have to be a *required* part of the eligible program at the home school for the student to be eligible to receive FSA funds, but the credits earned through the study-

abroad or exchange program must apply toward graduation in the student's program at the home school.

If a study-abroad program has higher costs than the home school, those should be reflected in the student's cost of attendance. This may result in the student being eligible for additional FSA funds.

Some eligible students have had problems receiving FSA funds for study-abroad programs because neither their home school nor the school they were temporarily attending documented that they were enrolled in an eligible program of study. These circumstances have caused otherwise eligible students to be denied financial assistance at both schools. The law states that a student participating in a study-abroad program approved by his home school is eligible for FSA funds regardless of whether the program is required for his regular, eligible program of study as long as he is an eligible regular student enrolled in an eligible program at the home school, which approves the study-abroad work for academic credit. The Program Participation Agreement requires participating schools to establish procedures that ensure that students participating in study-abroad programs receive the FSA funds to which they are entitled.

Types of study-abroad programs

Study-abroad program configurations include the following:

- A home school sends students to a study-abroad program at an eligible or ineligible foreign host school. The home school must have a contractual agreement with the foreign school. A written arrangement between a domestic institution and one in another country is always considered a contractual agreement in which the domestic institution is the home school.
- A home school has, instead of a separate agreement with each foreign school, a written arrangement with a study-abroad organization that represents one or more foreign schools. The arrangement must adequately describe the duties and responsibilities of each entity and meet the requirements of the regulations.
- A variant of the study-abroad program occurs when a home school sends faculty and students to a foreign site. This is not a consortium or contractual study-abroad program; rather, the foreign site is considered an additional location under 34 CFR 600.32.

DISTANCE EDUCATION AND CORRESPONDENCE STUDY

Schools use distance education and correspondence courses to respond to students' needs for alternatives to the schedules and locations at which courses traditionally have been offered. A school may not refuse to provide FSA funds to a student because she is enrolled in correspondence or distance education courses unless the courses are not part of an eligible program.

Some participating institutions contract with distance education providers that are not eligible to participate in the FSA programs. These participating institutions must ensure that they do not exceed the limitations on contractual arrangements (see previous section).

Internships and externships

Internships and externships that are part of a program and are provided by organizations other than the institution are subject to the written arrangement requirements. However, an internship or externship portion of a program does not have to meet the written arrangement requirements if the internship or externship is governed by explicit accrediting agency standards that require the oversight and supervision of the institution, where the institution is responsible for the internship or externship and students are monitored by qualified institutional personnel.

Foreign schools acting on behalf of other foreign schools

An eligible U.S. school may have a written arrangement with a foreign school or organization that is acting on behalf of a foreign school, but such an arrangement is always considered to be one between an eligible domestic school where the student enrolls and an ineligible foreign school, even if the latter is otherwise Title IV-eligible. Therefore, these arrangements are considered contractual agreements that must follow the rules that apply to such. See DCL GEN-11-18 for more information about Title IV eligibility of programs offered through written arrangements between U.S. and foreign schools.

Study abroad references

Arrangements with a study-abroad organization
34 CFR 668.5
Student eligibility in study-abroad programs
34 CFR 668.39

Ineligible courses at foreign schools

See DCL GEN-14-20.

A program offered by a foreign school in whole or in part by distance education, by correspondence, or as a direct assessment program is not an eligible program. See 34 CFR 600.51(d) (note that this regulation still mentions “telecommunications,” which is the old term for distance education).

Generally, a foreign school may not permit students to enroll in any course offered by the foreign institution that takes place in the United States, including research, work, internship, externship, or special studies. However, independent research done by an individual student in the United States for not more than one academic year is permissible if it is conducted during the dissertation phase of a doctoral program under the guidance of faculty and the research can only be performed in the United States. See 600.52 and GEN-11-18.

An eligible foreign school may not enter into a written arrangement under which a Title IV-ineligible entity provides any portion of the eligible school’s programs (except for affiliation agreements for the provision of clinical training for foreign medical, veterinary, and nursing schools). See 600.54(c).

Accreditation for distance education

Distance education programs must be evaluated by an accrediting agency that is recognized by ED for the purpose of evaluating distance education, just as an agency must be specifically reviewed and recognized for the evaluation of correspondence education. Dear Colleague Letter GEN-06-17 includes specific instructions on notifying ED if the school intends to seek new accreditation and updating the E-App to reflect changes to the school’s accreditation.

Distance Education

A distance education program at a domestic school is considered an eligible FSA program if it has been accredited by an accrediting agency recognized by the Department for accreditation of distance education. It is not subject to the rules that apply to correspondence coursework, which are discussed in the next section.

Distance education means education that uses certain technologies to deliver instruction to students who are separated from the instructor and **to support regular and substantive interaction between the students and the instructor**. The interaction may be synchronous (student and instructor are in communication at the same time) or asynchronous. The technologies may include the Internet; audio conferencing; or one-way and two-way transmissions through open broadcast, closed circuit, cable, microwave, broadband lines, fiber optics, satellite, or wireless communications devices.

A course taught through video cassettes or discs is also considered a distance education course but only if one of the three technologies listed is used to support interaction between the students and the instructor.

Correspondence courses

Unlike distance education courses, which are treated the same as all other eligible programs, some restrictions apply to correspondence courses. A correspondence program at a domestic school is considered an eligible FSA program if it has been accredited by an accrediting agency recognized by the Department for accreditation of correspondence education.

A correspondence course is a home-study course for which the school provides instructional materials, including examinations on the materials, to students who are not physically attending classes at the school. Interaction between the instructor and student is limited, not regular and substantive, and primarily initiated by the student.

Correspondence courses are typically self-paced. When a student completes a portion of the instructional materials, the student takes the examinations that relate to that portion of the materials and returns the examinations to the school for grading.

If a course is part correspondence and part residential training, the course is considered to be a correspondence course.

If a school adds distance education technology, such as electronic delivery of course materials or an online discussion board, to a correspondence course, the school must ascertain the predominant method of instruction (correspondence or distance education), keeping in mind that a distance education course must use technology to support regular and substantive interaction between the students and instructor. The school must use the rules for the predominant method in administering the FSA programs.

If a school offers more than 50% of its courses by correspondence or if 50% or more of its students are enrolled in its correspondence courses, the school loses its eligibility to participate in the FSA programs (see *Chapter 1*).

Note that correspondence students enrolled in certificate programs are not eligible for FSA funds. For a full discussion of when a school may pay a student for correspondence study, see *Volume 1, Chapter 1*. Also see *Volume 3, Chapter 2* for limitations on the cost of attendance for correspondence students and *Volume 3, Chapter 1* for the timing of disbursements to correspondence students.

CLOCK-HOUR/CREDIT-HOUR CONVERSIONS IN DETERMINING PROGRAM ELIGIBILITY

The credit hour definition and the credit/clock hour conversion rules serve two purposes: to determine program eligibility and to determine the award amount for certain FSA programs.

In this section, we discuss the first of these topics—the use of the credit- and clock-hour rules in determining if a program meets the minimum program length requirements discussed earlier in the chapter.

Definition of a clock hour

A clock hour is defined as a period of time consisting of

1. a 50- to 60-minute class, lecture, or recitation in a 60-minute period;
2. a 50- to 60-minute faculty-supervised laboratory, shop training, or internship in a 60-minute period; or
3. sixty minutes of preparation in a correspondence course.

Definition of a credit hour

A credit hour is an amount of work that reasonably approximates not less than

1. one hour of classroom or direct faculty instruction and a minimum of two hours of out-of-class work each week for approximately 15 weeks for one semester or trimester hour of credit, or 10 to 12 weeks for one quarter hour of credit, or at least the equivalent amount of work over a different amount of time; or
2. at least an equivalent amount of work as required in paragraph (1) of this definition for other academic activities as established by the institution including laboratory work, internships, practica, studio work, and other academic work leading to the award of credit hours.

The regulations make an exception to this definition in the case of programs that are subject to one of the clock-hour/credit-hour conversion formulas, as described in the following text.

Clock-credit hour conversions in determining program eligibility

If your school offers an undergraduate educational program in credit hours that is considered a GE program, it must use one of the following conversion formulas unless

- the program is at least two academic years in length and provides an associate degree, a bachelor's degree, a professional degree, or an equivalent degree as determined by the Department; or

Correspondence courses & institutional eligibility

34 CFR 600.2, "Correspondence course"
34 CFR 600.7(a)(1)(i) and (ii)
34 CFR 602.3, "Correspondence education"
HEA Sec. 102(a)(3)(A) and (B)

A combined correspondence and residential program example

A school offers a truck driving program, the first part of which is offered via correspondence. After completing that part of the program, the student has to attend a residential site where he learns how to drive trucks. This is a correspondence program.

Definitions of clock hour and credit hour

34 CFR 600.2

Measuring attendance in clock hours

A student's period of attendance is measured according to one of several commonly accepted academic standards. A clock hour is based on an actual hour of attendance (though each hour may include a 10-minute break). Credit hours are typically based on two hours of homework for each hour of class attendance.

A school is not permitted to count more than one clock hour per 60-minute period; in other words, a school may not schedule several hours of instruction without breaks and then count clock hours in 50-minute increments. For instance, a school could not consider seven consecutive hours of instruction to be 8.4 hours by dividing 50 minutes into 420 minutes. Seven 60-minute periods of instruction may not count for more than seven clock hours.

Clock-credit hour conversions

34 CFR 668.8(k) & (l)

See the Program Integrity Q&As at (www2.ed.gov/policy/highered/reg/hearulemaking/2009/credit.html#credit).

- each course within the program is acceptable for full credit toward that institution’s associate degree, bachelor’s degree, professional degree, or equivalent degree as determined by the Department, provided that 1) the school’s degree requires at least two academic years of study; and 2) the school demonstrates that students enroll in, and graduate from, the degree program.

The formula will determine if after the conversion the program includes the minimum number of credit hours to qualify as an eligible program for FSA purposes.

For determining the number of credit hours in that educational program

- a semester hour must include at least 37.5 clock hours of instruction,
- a trimester hour must include at least 37.5 clock hours of instruction, and
- a quarter hour must include at least 25 clock hours of instruction.

To determine if the program meets the FSA standard for the minimum number of credit hours for that type of program, schools must use one of the following formulas.

For a semester- or trimester-hour program

Number of clock hours in the credit-hour program

37.5

For a quarter-hour program

Number of clock hours in the credit-hour program

25

If a school applies the appropriate formula and finds that a program is eligible, the converted credit hours are used to determine the amount of FSA funds that a student who is enrolled in the program is eligible to receive as explained in *Volume 3, Chapter 1*.

For more information on how to perform the clock-hour/credit-hour conversion, see pages 35 and 36.

Credits approved by state and accrediting agencies

When some states and accrediting agencies approve programs, they also approve the number of credits in the programs. The credits approved by states and accrediting agencies are **not** necessarily the credits for FSA purposes. For FSA purposes, the number of credits in the program will be those determined by the conversion formula, but they will never be more than those approved by a state or accrediting agency.

Out-of-class student work

The school's minimum number of clock hours of instruction per credit may be less if its designated accrediting agency or recognized state agency for the approval of public postsecondary vocational institutions for participation in the FSA programs has not identified any deficiencies with the school's policies and procedures for determining the credit hours that the school awards for programs and courses. In such cases student work outside of class combined with the clock hours of instruction must meet or exceed the numeric requirements (37.5 or 25), and

- a semester hour must include at least 30 clock hours of instruction,
- a trimester hour must include at least 30 clock hours of instruction, and
- a quarter hour must include at least 20 hours of instruction.

Merely having coursework that is outside of class does not mean a school can automatically divide by 30 or 20. The minimum may be higher than 20 or 30 depending on the amount of out-of-class work that is expected in the different educational activities of a program and may vary depending on the particular activity. The case study that follows illustrates a method for accurately accounting for any out-of-class work a student may have in a course.

Also, the amount of out-of-class work in a particular course or activity in a program does not carry over to other courses or activities.

Exemption if ED determines that the program offers "equivalent degree"

The regulations also stipulate that the school is exempted from using the clock-hour/credit-hour formulas if the Department determines that the program provides a degree equivalent to an associate degree, a bachelor's degree, or a professional degree. This does not permit a school to ask for a determination that a nondegree program is equivalent to a degree program.

State/accrediting agency criteria for clock/credit hours

The regulations for state and accreditation agencies explain how an agency reviews a school's assignment of credit hours.

34 CFR 602.24 and 603.24

Rounding

Because the results of these formulas determine the eligibility of a program, the resulting number of credit hours may not be rounded up. The results for each course may include the result with fractions or must be rounded down.

Conversion Case Study (to semester hours)

- A program with 720 clock hours consists of
 - 5 classroom courses with 120 clock hours each, and
 - A 120 clock-hour externship with no out-of-class student work.
- The institution determines that for
 - The first 3 classroom courses, a student generally is required to perform 40 hours of out-of-class work for each course, and
 - The last 2 classroom courses have 8 hours of out-of-class work for each course.
- Two options:
 - Default option: convert only based on clock hours and ignore any out-of-class work
 - Full formula option: take into account both clock hours and out-of-class work to determine the maximum allowable credit hours
- Four possible outcomes depending on institutional policy for option and rounding (always round down course-by-course):
 - Default option: 19.2 or 18 semester hours
 - Full formula option: 22.026 or 21 semester hours
- Default option: use the default 37.5 clock hours per semester hour, ignoring the out-of-class work (conversion must be course-by-course)
 - $$120 / 37.5 = 3.2 \text{ semester hours per course (or 3, if rounding; always round down course-by-course)}$$
 - Converted program = $3.2 * 6 = 19.2$ semester hours (or $3 * 6 = 18$ semester hours, if rounding)
- Full formula option illustrates:
 - Must evaluate on individual coursework components of a program
 - Total clock hours and out-of-class student work is irrelevant
 - Must meet limitation for the minimum number of clock hours per credit hour in addition to out-of-class work
 - Excess out-of-class student work per credit hour does not carry over between courses or educational activities in a program
 - Use exact calculation, including any fractions of credit hours, or round down any fraction, including one equal to or greater than half
 - Rounding on individual course or educational activity, not on the total

Full formula option

	In-class clock hours		Allowable out-of-class prep hours	Total clock and prep hours	Semester hours	Semester hours (rounded)	Notes
Course #1 (40 hours of actual out-of-class student work)	120	+	$7.5 * 4 = 30$	150	4	4	(A), (C)
Course #2 (40 hours of actual out-of-class student work)	120	+	$7.5 * 4 = 30$	150	4	4	(A), (C)
Course #3 (40 hours of actual out-of-class student work)	120	+	$7.5 * 4 = 30$	150	4	4	(A), (C)
Course #4 (8 hours of actual out-of-class student work)	120	+	8	128	3.413	3	(B), (D)
Course #5 (8 hours of actual out-of-class student work)	120	+	8	128	3.413	3	(B), (D)
Externship (no out-of-class student work)	120	+	0	120	3.2	3	(E)
Total clock hours and out-of-class student work (amount not relevant)				826			
Total semester hours if no rounding					22.026		
Total semester hours if rounding (must round down any fractions to ensure no overawards)						21	

NOTES:

Limitation: the rules do not allow more than 7.5 hours of out-of-class prep for every 30 hours in class

- (A) 120 in-class hours divided by 30 hours = 4 There are 10 hours of out-of-class prep per 30 clock hours ($40/4 = 10$), but cannot have more than 7.5 ($4 * 7.5 = 30$)
- (B) 120 in-class hours divided by 30 hours = 4 There are 7.5 or fewer hours of out-of-class prep per 30 clock hours ($8/4 = 2$), so use actual hours of out-of-class prep (8)

Semester hours per course

- (C) 150 total clock and prep hours divided by 37.5 = 4
- (D) 128 total clock and prep hours divided by 37.5 = 3.413
- (E) 120 total clock hours divided by 37.5 = 3.2